

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 915 – HB 1575**

March 2, 2011

**SUMMARY OF BILL:** Exempts specified vacation lodging businesses from regulation by the Tennessee Real Estate Commission.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$13,000/FY11-12  
\$2,600/FY12-13 and Subsequent Years**

**Decrease State Expenditures - \$13,000/FY11-12  
\$2,600/FY12-13 and Subsequent Years**

**Assumptions:**

- Pursuant to Tenn. Code Ann. § 62-13-104, all vacation lodging firms must have a licensed designated agent by July 1, 2011.
- According to the Department of Commerce and Insurance, Tennessee Real Estate Commission, there are approximately 130 active vacation lodging service licensees, and the number of firms and designated agents remains consistent each year.
- According to the Commission, approximately 50 percent of the firm licensees renew upon license expiration two years after issuance.
- The initial license fee is \$100; the renewal fee is \$80.
- Designated agents are currently required to obtain their initial license by July 1, 2011. Under this bill, the designated agents will become exempt from the initial licensing requirement. As a result, the decrease in state fee revenue for FY11-12 will be \$13,000 (130 applicants x \$100 initial license fee).
- License renewals will not begin until FY12-13 because renewals are currently required every two years. As a result, the recurring decrease in state fee revenue will be \$2,600 [(130 applicants x 50.0% renewal rate x \$80 renewal fee) / 2 years] beginning in FY12-13.
- According to the Commission, it will decrease expenditures in order to prevent the loss of revenue from affecting the program.

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- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. The Tennessee Real Estate Commission had a closing balance of \$2,164,272 for FY08-09, a closing balance of \$208,592 for FY09-10, and a total year-end reserve balance of \$2,372,865 as of June 30, 2010.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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